

MEMORANDUM

December 10, 2002

TO: Environmental Quality Board Members &
Technical Representatives

FROM: Larry Hartman
EQB Staff, Tel: 651-296-5089

SUBJECT: Application of City of Hutchinson (Hutchinson Utilities Commission) for a Pipeline Routing Permit and for a Partial Exemption from Pipeline Route Selection Procedures for Approximately 90 Miles of 16- and 12.75-Tracing Portions of Martin, Watonwan, Brown, Nicollet, Sibley and McLeod Counties (MEQB Docket No. 021-03-PRP-HUC)

Summary: The City of Hutchinson (Hutchinson Utilities Commission) proposes to construct, own and operate approximately 90 miles of natural gas pipeline between Trimont in Martin County and Hutchinson in McLeod County. The City applied for a pipeline routing permit and partial exemption from certain procedural requirements. Attachment 1, provides a summary of the two permitting procedures for pipelines. review.

In granting a partial exemption from the pipeline route selection procedures, the Board must determine that the proposed pipeline and associated facilities will not have a significant impact on humans or the environment. The board shall also evaluate the impacts that may be reasonably expected to occur from the proposed pipeline and associated facilities. If the Board grants the partial exemption, a pipeline routing permit is issued for the project. In this instance the Board must also designate a route for the pipeline. The pipeline routing permit specifies the location of the proposed pipeline and includes specific conditions for right-of-way preparation, construction, cleanup and restoration.

The HUC proposed pipeline requires a Certificate of Need from the Public Utilities Commission. On November 26, 2002, the Commission issued an order granting the Certificate of Need for the City's proposed pipeline and associated facilities.

EQB staff recommends that the board grant the partial exemption and issue a pipeline routing permit for a route that uses the HUC route that incorporates the Farmers Route recommendations that follow road rights-of-way and section and half section lines where feasible between mileposts 49.5 and 84 and wherever else it may be practical.

The Applicant: In March, 2002, the City of Hutchinson (Hutchinson Utilities Commission) filed an Application for a pipeline routing permit and for a partial exemption from pipeline route

selection procedures for a proposed 89 mile natural gas pipeline between Trimont in Martin County, and Hutchinson, McLeod County. The pipeline will be buried underground within new rights of way secured in the Minnesota counties of Martin, Watonwan, Brown, Nicollet, Sibley, and McLeod.

The City of Hutchinson uses natural gas for electrical generation and heating, and its commercial/industrial customers use natural gas in the production process. Hutchinson Utilities Commission ("HUC") was established in 1936 by the City of Hutchinson as a municipal public utilities commission under Minn. Stat. § 412.321 et seq., and added the municipal natural gas operation in 1960. From 1960 to the present, Hutchinson Utilities Commission has used the Willmar branch line of Northern Natural Gas Company to transport natural gas to the City of Hutchinson.

The City of New Ulm (New Ulm Public Utilities), while not a co-applicant for a route permit for the pipeline, has signed a Letter of Intent that it expects to contract with Hutchinson Utilities Commission for natural gas transportation services utilizing the proposed pipeline.

The Project: The proposed pipeline will connect with the Northern Border Pipeline Company pipeline near Trimont, Minnesota. Approximately 34 miles of the pipeline from Trimont to south of New Ulm will consist of 16-inch outside diameter pipe, and the remaining 55 miles of the pipeline from south of New Ulm to Hutchinson will consist of 12.75-inch outside diameter pipe. The estimated total cost of the pipeline is approximately \$26.5 million.

The proposed natural gas pipeline is designed for a capacity of 60,000 MCF per day through the initial 34 miles of 16-inch outside diameter pipe from Trimont to south of New Ulm, and 40,000 MCF per day through the remaining 55 miles of 12.75-inch outside diameter pipe to the City of Hutchinson. The gas delivery pressure to the City of Hutchinson will be increased from 450 psig to 800 psig.

Land Requirements: Hutchinson proposes to obtain from landowners permanent right-of-way fifty (50) feet in width. Based on approximately 89 miles in length of Hutchinson's preferred route, approximately 539 acres of new right-of-way would be acquired. Hutchinson also proposes to obtain from landowners an additional twenty-five (25) feet of temporary workspace. It is anticipated that this space would not be fully utilized, but would give the construction crews approximately 75 feet of right-of-way for workspace if needed. Approximately 270 acres of temporary workspace will be acquired. Temporary right-of-way or workspace will revert to landowners upon completion of construction.

Trench and Depth of Cover Requirements: The trench in which the pipe is placed will have a minimum depth of 74 inches, or more, to allow for a minimum of 54 inches of ground cover to the top of the pipe. The trench will have a minimum width of 24 inches for the 12.75-inch pipe, and 28 inches for the 16-inch pipe. The top and bottom widths are determined by soil conditions. In sandy soils, a wider trench will be necessary for sidewall stability. The trench required for the proposed pipeline will result in a minimum excavation volume of 228,280 cubic yards of soil.

Procedural Requirements: The City's application has been reviewed under Minnesota Rules part 4415.0315 [Partial Exemption from Pipeline Route Selection Procedures]. This process is an abbreviated form of review for proposed pipeline projects. If the Board grants the partial exemption, a pipeline routing permit is issued for the proposed project.

The Company distributed its application by certified mail to all local, county, regional, state agencies and affected landowners as required by Minnesota Rules part 4415.0035 Subd. 2.

Everyone who received a copy of the application also received notice of application acceptance, a description of how to file comments and a schedule of the EQB public information meetings.

Notice of the EQB public information meetings were published in a newspaper in each county affected by the proposed pipeline. Notice was also published in the *EQB Monitor*.

EQB Public Information Meetings: The EQB held seven public information meetings, one in each county crossed by the proposed project and two meetings in McLeod County. Approximately 320 people attended the information meetings.

Questions and comments addressed the location of the pipeline, separation of topsoil and subsoil, soil settling, ditches, drain tile, damages for crop losses, fencing, the construction process, clearing of vegetation, tree removal, construction schedule, road repair and driveway access. The EQB staff and the City's representatives responded to questions and comments raised by affected landowners and other interested persons.

Comment Letters: No significant issues were raised in the five (5) comment letters received.

Alternatives to the Proposed Pipeline: A number of people in attendance at the public meetings in commented that Hutchinson should consider other routes for its pipeline that utilized more highway, railroad, and other types of existing rights-of-way than did the proposed route. EQB staff and staff of the Department of Agriculture also believed that other alternatives to the proposed pipeline should be evaluated by the City. The City responded with information in this regard on several occasions, including a report submitted in early November 2002. One system alternative and three alternative pipeline routes were investigated by Hutchinson as shown on Attachment ____). They include the following: **Highway 15 Alternate** – The Highway 15 Alternate connects to the Northern Border Pipeline further down stream (south of Fairmount) than the Hutchinson preferred route, and generally follows State Highway 15 to Hutchinson; **Highway 15 Alternate Trimont Variant** – The Highway 15 Alternate Trimont Variant connects to the Northern Border Pipeline approximately 2 miles down stream from the Hutchinson preferred route then follows an existing products pipeline before connecting with the Highway 15 Alternate south of Lewisville at approximately milepost 21.25; **Farmer's Route** – The Farmer's Route was suggested by a small number of landowners to EQB staff. The route deviates from the Hutchinson preferred route at approximately milepost 41, and generally follows road rights-of-way and section lines to rejoin the preferred route at approximately milepost 84.8. This route generally follows field lines, half section and section lines, and road right-of-way; and the **Viking Interconnection** - A system alternative that was investigated was a new pipeline connecting to the Viking Gas Transmission Company interstate pipeline. A precise interconnection point has not been identified but since the Viking pipeline is north of St.

Cloud, the pipeline mileage from the interconnection to the City of Hutchinson would be approximately the same as the proposed pipeline. In addition, the line would have to be extended another 46 miles in order to serve the City of New Ulm. Also, the pressure available on the Viking pipeline is not sufficient to provide the required pressure at Hutchinson

Summary of Findings of Fact:

Findings 1 through 9 discuss and demonstrate compliance with the procedural requirements for partial exemption.

Findings 10 through 25 discuss the applicant and the project, proposed facility description, trench and depth of cover requirements and pipeline safety.

Findings 26 through 33 discuss the public information meetings, the comment period, and comment letters.

Findings 34 through 35 discuss alternatives to the proposed pipeline.

Findings 36 through 44 discuss the standard for partial exemption, standard for pipeline route selection and consideration of pipeline routing criteria.

Findings 45 through 100 review and consider project impacts and the criteria and standards that the Board must consider in determining whether a proposed pipeline and associated facilities qualify for partial exemption and route designation.

Standard for Partial Exemption: Minnesota Rules part 4415.0040, subd. 2, [Standard], requires the Board to determine that the proposed pipeline will not have a significant impact on humans or the environment. It also requires the Board to evaluate the impact that may be reasonably expected to occur from the proposed pipeline and associated facilities.

Standard for Pipeline Route Selection: Minnesota Rules part 4415.0100, subp. 2 [Standard] provides that the Board shall consider the characteristics, the potential impacts, and mitigation measures associated with the proposed pipeline so that the Board may select a route that minimizes human and environmental impacts.

EQB Staff Recommendation: Based upon the record of this proceeding, EQB staff recommends that the Board adopt the proposed resolution, findings of fact, conclusions and order that grant the City of Hutchinson a partial exemption from pipeline route selection procedures and issues a pipeline routing permit for a preferred route identified by HUC that incorporates the Farmers Route recommendations that follow road rights-of-way and section and half section lines where feasible between mileposts 49.5 and 80.5.